NEWSLETTER
WORLD INVESTOR WEEK 2024
Volume No. 34
OCTOBER 2024

From Director's Desk

Dear Reader,

A recent study conducted by SEBI indicates that 1 out of 3 individuals who trade in the equity cash segment are intraday traders and that there has been an 300% increase in the number of individual intraday traders over the last five years. 48% of these intraday traders are below the age of 30, and 78% of them incur losses on account of intraday trading.

This begs the question – do these young traders mistake their risk tolerance for their risk capacity? Risk tolerance is an individual's emotional and psychological ability to withstand losses, to withstand volatility in the markets. Risk capacity, on the other hand, is the individual's financial ability to absorb losses without jeopardizing their financial health.

I think these young intraday traders mistake their emotional comfort with risk for their actual financial ability to handle losses. This results in many of them taking excessive financial leverage, not realizing that their risk capacity is limited. While their ability to handle the emotional roller coaster of market volatility may be high, their ability to sustain the loss of a significant amount of capital may be low.

From a financial planning perspective risk capacity is therefore much more relevant than risk tolerance. Many times when risk tolerance exceeds risk capacity, individuals land up with unnecessary losses. Unfortunately, there is no easy way to measure either risk capacity or risk tolerance. It is best understood that risk capacity derives from your income levels and your accumulated wealth. The higher they are, the better your risk capacity. A higher risk capacity means you can withstand losses without any significant impact on your financial health. Risk tolerance, on the other hand, comes from your mental make-up and your behavioural biases. Much of how we respond to financial information and how we perceive risk is shaped by our own lived experiences. A lower risk tolerance would mean that you are more conservative in your investment choices.

All said, from a financial planning perspective, there is no doubt that risk capacity is a far more important factor than risk tolerance. For long term wealth-creation it is best to have a risk tolerance that is way below you risk capacity. This approach will help you follow a disciplined investment strategy of steady growth while protecting you against significant losses, an investment strategy that embodies a cautious, long- term approach to investing that aims to beat market volatility through diversification, rupee cost averaging and eschewing the need for active trading.

Sashi Krishnan
Director, NISM

India: Macro-finance Data

Macro Indicators	As On			% Change in last	
	30-09-2024	29-09-2023	30-09-2021	1 year	3 years
Nifty	25810.8	19638	17618.1	31.4	46.5
Sensex	84299.7	65828.4	59126.3	28.05	42.5
Nifty P/E	23.8	21	25.5		
Sensex P/E	24	21.6	27.3		
RBI Rate (%)	6.5	6.5	4		
10 Yr G Sec (GoI) %	6.7	7.2	6.2		
INR USD	83.8	83.04	74.2	-0.9	-12.8
GST Collection (Rs lac. cr.)	1.7	1.5	1.1	8.9	48.05
GDP growth rate %	6.6	8.2	9.8		
Export growth rate %, yoy	-9.3	3.4	22.7		
Import growth rate %, yoy	3.3	0.6	84.4		
CPI (Consumer Price Index) %	3.6	6.8	4.3		
WPI (Wholesale Price Index) %	1.3	-0.4	11.8		
BSE Mkt Cap Rs lac. cr.	474	319	259	48.5	83.01
NSE Mkt Cap Rs lac. cr.	470	316	258	48.7	82.1

Source: Bloomberg

Win attractive cash prizes by answering simple Quiz.

Details in inside pages....

Congratulation to the Lucky Winners of NISM Newsletter Quiz September 2024:

- Shrinivas Suresh
- Abhishek Arora
- Tej

FINANCIAL MARKETS

RBI keeps repo rate unchanged at 6.5%, GDP for FY25 projected at 7.2%

The Reserve Bank of India's Monetary Policy Committee (MPC) has opted to maintain the key repo rate at 6.5% for the 10th consecutive time. The standing deposit facility (SDF) rate remains at 6.25% and the marginal standing facility (MCF) and the bank rate stand unchanged at 6.75%.

The RBI has maintained its inflation forecast at 4.5% for FY2025, reflecting cautious optimism, alongside a solid GDP growth projection of 7.2%. Further liquidity measures are in place to uphold financial stability in the market.

Consumer Price Index (CPI) inflation is projected at 4.1% for the second quarter of the current fiscal year. It is expected to rise to 4.8% in the third quarter, before easing to 4.2% in the fourth quarter. Looking ahead, CPI inflation for the first quarter of FY26 is projected at 4.3%.

1. GST collections rise 6.5% y-o-y to ₹1.73 lakh cr. in September 2024 Read more

The Goods and Services Tax (GST) revenue in the month of September grossed a little over ₹1.73 lac cr., posting a 6.5% year-on-year. The net GST collection in September 2024 saw a 3.9% annualised growth at ₹1,52,782 cr. on higher refunds, a trend that is seen from last month because of increased efficiency in returns processing. Total refunds in the month surged by 31% to ₹20,458 cr. in September 2024. Refunds in the previous month also saw a 38% year-on-year jump to ₹24,460 cr.

2. Advance tax collection up 22% so far in FY25, tops 45% of Budget estimate

Advance tax collections rising over 22%, the Income Tax Department's direct tax mop-up topped 45% of the Budget Estimate for the period April 1 to September 17, 2024. Under the period under consideration, advance tax collection post the second instalment rose to over ₹4.36- lac cr. from ₹3.55-lac cr., a growth of 22.6%. While the Corporate IT surged by 39%, Personal IT rose over 18%. Read more

3. India service PMI stands at 57.7 for september 2024 Read more

The PMI reading has remained above the 50-mark, which separates expansion from contraction, for 35 consecutive months. The service PMI is at 57.7 for September 2024. Despite slow growth in September, major services firms saw solid job creation, strengthening of business confidence and the slowest uptick in selling prices in over two-and-a-half years during September.

4. India manufacturing PMI is at 56.5 for September 2024 Read more

India's manufacturing activity recorded at 56.5 in September; signalling a substantial improvement in operating conditions. The Indian manufacturers reported softer increases in new business and output during August, albeit with rates of expansion remaining elevated by historical standards.

5. India's Forex reserves cross US$ 700 bn. Read more

India's foreign exchange reserves have crossed a new milestone of US$ 700 billion. Overall, India's external sector remains resilient as key external sector vulnerability indicators continue to improve.

SECTORAL DEVELOPMENTS

1. **Govt envisages Rs 9.15 lac cr. investments in power transmission by 2032**

Under the new plan, the government plans to expand the country's transmission network to 6.48 lac circuit kilometers (ckm) in 2032 from 4.85 lac (ckm) in 2024. Under the new plan, the government plans to expand the country's transmission network to 6.48 lac (ckm) in 2032 from 4.85 lac (ckm) in 2024. Read more

2. **UPI sets new record as transaction volume crosses 15 bn.** Read more

While the average daily transaction count crossed 500 mn. in September, up from 483 mn. in August, the value of transactions remained steady at Rs 20.64 lac cr. in both months. NPCI, set a new record by processing more than 15 bn transactions for the first time in September, up from 14.9 billion in August.

Read more

3. **India, UAE investment promotion, protection treaty comes into effect**

The bilateral investment treaty signed between India and the UAE, enforced from August 31, 2024, ensures investment protection continuity following the expiration of the previous agreement. It sets provisions for arbitration, defines investment protections, and balances investor rights with state regulations, promoting increased bilateral investments.

REGULATORY DEVELOPMENTS

1. **SEBI eases LODR and ICDR Regulation** Read more

SEBI has given more time to report certain material events, disclosures relating to tax litigations and disputes need to be made based on materiality, and has made disclosure of fines or penalties mandatory only if it crosses a threshold as against disclosure of all fines/penalties within 24 hours.

2. **SEBI tightens F&O rules to curb derivatives market frenzy, protect small investor** Read more

Tough measures include hike in futures and options contract size, need for buyers to make upfront option premium payment, and letting each exchange provide contract for only one benchmark index with weekly expiry

3. **SEBI issues operating guidelines for Foreign Venture Capital Investors**

SEBI has issued new operational guidelines for Foreign Venture Capital Investors (FVCIs) and Designated Depository Participants (DDPs), detailing procedures for registration, compliance, and investments, effective from January 1, 2025. Existing FVCIs must engage with a DDP by March 31, 2025, or face restrictions on new investments, with deadlines for liquidating holdings by 2027 Read more

4. **SEBI cuts down timeline for debt securities from T+6 to T+3** Read more

To ease of compliance for issuers, the listing timeline of T+3 working days is introduced as on option to issuers for a period of one year and on a permanent basis such that all listing occurs on T+3 basis.

5. **New Exchange Control Compounding Rules 2024 replaces the 2000 Compounding Rules** Read more

New Compounding Rules aims to expedite and streamline the overall compounding process. Digital payment options introduced for payment application fee and penalty amounts. Simplification and rationalization of the provisions to eliminate ambiguity and clarify the process.

6. **SEBI mandates due diligence of AIF investors, investments** Read more

AIFs are required to avoid facilitating ever-greening of stressed loans or assets for RBI-regulated entities, adhering to RBI's norms for income recognition, asset classification, provisioning and restructuring.

DEVELOPMENTS IN RELATED AREAS

1. **Net FDI, FPI and FII data (2024-2025)** Read more

FDI, FPI and FII data are out for ready reference in RBI Bulletin for Sep 2024 with estimates of latest months along with debt transactions of FDI enterprises – point 34 under Foreign Investment Inflows.

2. **Unemployment rate steady at 3.2% from July 2023 to June 2024** Read more

The unemployment rate (UR) for individuals aged 15 and above has remained steady at 3.2% during the period from July 2023 to June 2024. While the UR for men saw a slight decline from 3.3% in the previous year to 3.2%, the rate for women increased from 2.9% to 3.2% over the same time span.

3. **Interest equalisation scheme for exporters extended for another 3 months; capped at Rs 50 lacs.** Read more

The government has extended the interest equalisation scheme for pre- and post-shipment rupee export credit till December 31, 2024. This move aims to support exports and MSMEs amid global economic challenges. The scheme, which ended on September 30, provides exporters with competitive rupee export credit rates. A cap of Rs 50 lakh has been set for MSMEs.

4. **Indian Energy Exchange records 24% YoY growth in September** Read more

Indian Energy Exchange (IEX), India's leading electricity exchange, posted a total monthly volume of 11,370 MU in September 2024, marking a significant 24 per cent year-on-year (YoY) growth.

GLOBAL FINANCIAL DEVELOPMENTS

1. **US Fed slashes interest rates by 50 bps in first cut since 2020** Read more

The Federal Reserve has announced a half-point rate cut before the end of this year and an additional percentage point cut in 2025 on September 17, 2024. This decision will lower borrowing costs for consumers and businesses. The Fed is confident that inflation is moving towards its 2 percent target, with balanced risks to employment and inflation goals.

2. Bank of Japan keeps rates steady

Read more

Bank of Japan has announced to keep the benchmark interest rate unchanged. The decision comes close on the heels of the US Fed going for a 50bps rate cut. The Bank of Japan's benchmark interest rate currently stands at 0.25% – the highest since 2008.

3. Bank of England extends 100 bn. £ bond reduction plan for another year

The Bank of England has kept interest rates steady at 5.0% and plans to reduce its stock of British government bonds by another 100 bn. £ over the next year. The decision comes amid cooling inflation pressures, with the BoE adopting a cautious approach compared to the U.S. Federal Reserve's recent rate cut.

Read more

4. U.S. job creation roared higher in September as payrolls surged

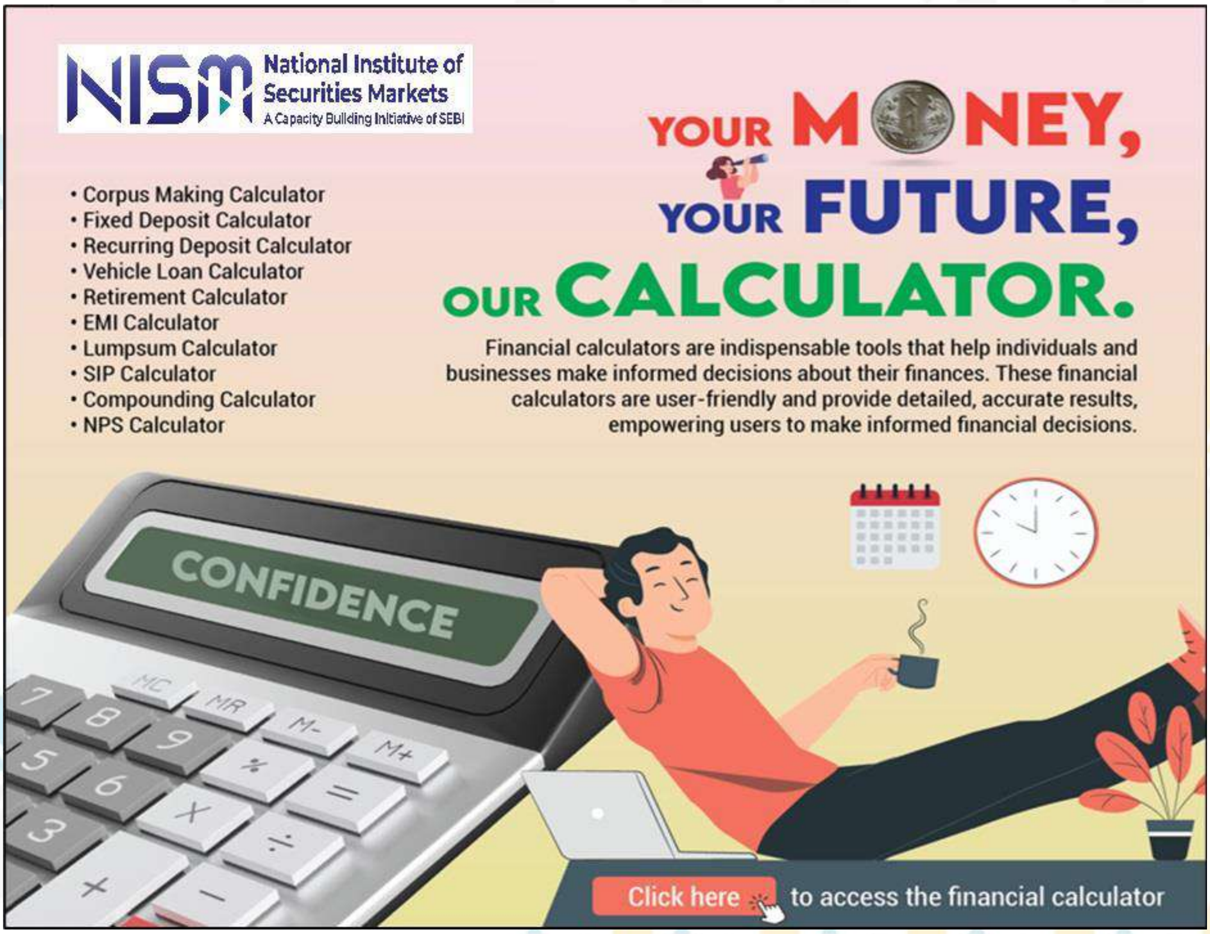
Read more

Nonfarm payrolls surged by 254,000 in September, up from a revised 159,000 in August and better than the 150,000 Dow Jones consensus forecast. The unemployment rate fell to 4.1%, down 0.1 percentage point, as the survey of household employment showed an even stronger picture, with a gain of 430,000. verage hourly earnings increased 0.4% on the month and were up 4% from a year ago. Both figures were ahead of respective estimates.

5. US trade deficit narrows sharply in August

Read more

The U.S. trade deficit fell significantly in August due to higher exports and lower imports. The trade gap decreased by 10.8% to $70.4 billion from July's $78.9 billion. Despite this improvement, trade has been a drag on economic growth for two straight quarters. Growth estimates for the third quarter are now projected as high as 3.2%.



NISM PROGRAMS

NISM Masterclass Series

Read more

As part of its Investor Education initiatives, NISM has introduced a masterclass series featuring Industry experts in financial and Capital market fields. These sessions are designed to enhance the learning experience for both students and professionals. Each carefully curated, hour-long session aims to provide valuable insights and practical strategies to help both experienced and new investors make informed investment decisions.

Fostering Partnerships

Securities and Exchange Board of India (SEBI) emphasizes the need for a proficient workforce to maintain market efficiency and integrity. Ongoing global, technological, and regulatory shifts demand skilled and adaptable professionals who can navigate market complexities with unwavering commitment to compliance and ethics. In light of the evolving financial landscape, it is evident that enhancing the current academic curriculum offered by Higher Education Institutions can effectively prepare students with the specialized knowledge and practical skills to navigate the dynamic and regulated world of finance. The Financial Services Industry is facing critical shortage of skilled and job-ready professionals to keep pace with its rapid growth and expansion. NISM offers a range of certifications, e-learning, and other long-term programs designed to equip individuals with the necessary skills and updated knowledge to excel in the dynamic field of securities markets. We believe that our expertise in this area can be of great value to the institutions and their students. By collaborating with NISM, HEIs can fulfill the mission of promoting professional development and job readiness among students, while also reaping benefits such as improved job placements, higher rankings, and better admissions. We invite HEIs to explore this opportunity and engage in discussions on how we can work together.

National Institute of Securities Markets and Aditya Birla Capital Foundation launches a CSR initiative-Financial Literacy for Young Citizens

The National Institute of Securities Markets (NISM) and Aditya Birla Capital Foundation (ABCF) have introduced the "Financial Literacy for Young Citizens" initiative for the Financial Year 2024-25. This Corporate Social Responsibility (CSR) project, focusing on Education and Livelihood, aims to enhance financial literacy among the country's youth. As the knowledge partner, NISM will lead the initiative, deploying empanelled Resource Persons to train students in colleges across India. These sessions are designed for students in their final year of graduation or pursuing post-graduate courses across various disciplines. Key topics include personal finance management, the fundamentals of investing in securities markets and associated risks, and building capacity to evaluate investment opportunities.

Webinar on Investments in Green Bonds

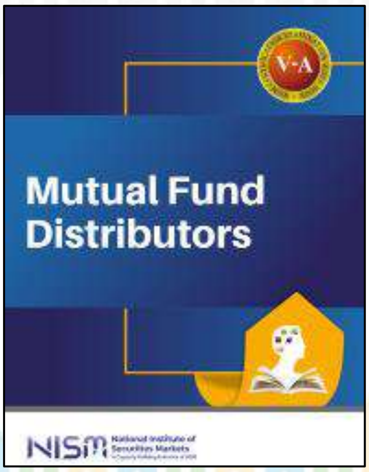
NISM has partnered with FICCI to promote investor education and strengthen capacity-building initiatives. Through this collaboration, NISM and FICCI will co-host a series of webinars, each focused on various aspects of investor education and protection. The partnership will launch with a joint webinar on the timely and relevant topic of "Green Bonds."

NISM Certifications

Certificate Program in Commodity Warehousing Management: This e-learning program aims to train the participants with the best practices in the warehousing management industry. The course would enable passionate professionals to handle all functions related to warehousing right from good practices in the commodity eco-system such as storage, price stabilization, minimization of risk, financing, grading and packing.

Read more

NISM Series V-A: Mutual Fund Distributors Certification Examination: This examination seeks to create a common minimum knowledge benchmark for all persons involved in selling and distributing mutual funds including individual Mutual Fund Distributors, employees of organizations engaged in sales and distribution of Mutual Funds, employees of Asset Management Companies specially persons engaged in sales and distribution of Mutual Funds. This Certification covers topics which shall enhance the quality of sales, distribution and related support services in the mutual fund industry. It covers topics related to the basics of mutual funds, their role and structure, different kinds of mutual fund schemes and their features, accounting, valuation and taxation aspects underlying mutual funds and their distribution. This certification teaches financial planning as an approach to investing in mutual funds, and an aid for advisors to develop long term relationships with their clients. It also discusses the concept of scheme evaluation, recommendation of suitable products and services to investors and prospective investors.



NISM e-learning modules

Introduction to Fixed Income Securities

Read more

Fixed income securities refer to a diverse range of investment instruments where investors lend money to an entity, such as governments or corporations, in exchange for regular interest payments over a period. Introduction to Fixed Income Securities, is a comprehensive eLearning course jointly developed by the National Institute of Securities Markets (NISM) and the Fixed Income Money Market and Derivatives Association of India (FIMMDA). This course is designed to provide a thorough understanding of the Indian fixed income securities market, types of fixed income securities, and the associated risks. Whether you're a seasoned professional or a student looking to enhance your knowledge, this course offers valuable insights into the world of fixed income securities.

Forensic Investigation

Read more

In the digital era, deterrents such as financial crime, oversight errors, fraudulent transactions, asset misappropriation, money laundering, and terrorism financing pose a serious threat to the growth trajectory of the economy. To keep such instances of wrongdoing in check, it is imperative to adopt security and safety measures. NISM, in association with its knowledge partner Ernst & Young LLP, has developed a course on Forensic Investigation. It comprises two levels, consisting of around 18 hours of online learning content for Level 1 which is a blend of various concepts, legislations, regulations, and practical experience etc. The course covers aspects related to forensic and investigation, fraud risk management, forensic accounting, forensic accounting investigative approaches, forensic laws, investigative interviews, evidence management and documentation, and reporting, among others.

Overview of Indian Debt Markets

Read more

Debt Market is the market where fixed income securities of various types and features are issued and traded. Overview of Indian Debt Markets, is a comprehensive eLearning course jointly developed by the National Institute of Securities Markets (NISM) and the Fixed Income Money Market and Derivatives Association of India (FIMMDA). This course is designed to give a comprehensive understanding of the intricacies of Money Market, Government Debt Market, and Corporate Debt Market in India.

Financial Planning (Basic)

Read more

Discover the fundamentals of managing your or your clients' finances with our "Financial Planning (Basic)" course. Perfect for beginners and those looking to establish a strong financial foundation, this course covers essential topics such as need for financial planning, financial planning process, risk management, investment planning, and the roles and responsibilities of a SEBI registered investment adviser. Explained in simple - terms, this course ensures that financial planning concepts are easily understood by the learner. Whether you are an individual or an investment advisor, this course provides practical skills that can be applied immediately to secure your or your clients' financial well-being.

Financial Planning (Advanced)

Read more

Take your financial knowledge to the next level with our "Financial Planning (Advanced)" eLearning course. Designed for individuals with an understanding of basic financial concepts, this course delves into advanced topics such as goal prioritization, application of time value of money, building retirement corpus, and regulatory framework for SEBI registered investment advisers. Led by experts in the field, this course challenges you to explore complex financial scenarios using case studies, equipping you with the tools to navigate intricate financial landscapes. Whether you are a seasoned investor or an investment adviser looking to enhance your expertise, this course provides advanced insights to elevate your financial planning skills.

SME Listing and Compliance

Read more

SMEs (Small and Medium Enterprises) play an important role in driving innovation, creating employment, and contributing to the country's GDP. As they want to expand their horizon by opting for public listing, comprehensive understand of the listing process is essential. The intricacies of regulatory frameworks, disclosure norms, and corporate governance standards are crucial elements that influence the success of SMEs in the capital market. Acquiring knowledge in SME listing and compliances helps entrepreneurs and professionals to navigate these complexities.

AML for Insurance Professionals

Read more

Effective Anti-Money Laundering (AML) practices are crucial in the insurance industry to prevent illegal activities like money laundering and financing terrorism. By implementing robust AML measures, insurance companies can not only contribute to a safer, more transparent industry, but also promote trust and confidence among clients and stakeholders. This course is designed to equip the insurance professionals with the essential knowledge and skills required to maintain the integrity of financial systems, ensure regulatory compliance, and safeguard their company's reputation.

NISM NEWS

Read more

NISM celebrates World Investor week

NISM organized activities related to World Investor Week (WIW). As part of the celebrations, this year too NISM conducted the following activities:

- WIW Securities Markets Quiz: A national-level quiz open to participants aged 18 and above, with attractive cash awards and vouchers for winners (daily/weekly).
- Social Media Promotions: An investment awareness series will be promoted across NISM's official LinkedIn, Facebook, Instagram, Twitter, and YouTube channels.
- Webinars on Investment Awareness: Interactive sessions focused on educating investors about market trends and investment strategies.
- Complimentary Career in Securities Markets (CSM) Sessions: Opportunities for participants to visit NISM and learn about career prospects in the securities markets.
- Investor Awareness Sessions in Partner Institutes and Local Schools/Colleges: Engaging sessions aimed at educating students and local communities about investment principles and practices.

NISM employees trek to Sondai Fort

The trekking event to Sondai Fort on September 21, 2024, was a great success, with enthusiastic participation from staff members at all levels, including senior management. Everyone enjoyed the scenic hike, taking in captivating views of the Morbe Dam, Matheran Range, and the seasonal twin waterfalls. The event fostered team bonding and promoted physical well-being. The arrangements were appreciated by all, and the experience was thoroughly enjoyed by everyone.

Answer questions of the quiz to win attractive prizes.

NISM Newsletter Quiz

Three lucky winners who give all correct answers will be given Cash prizes of **Rs. 1000/-#** each!!!

- Last date to participate is October 31, 2024

#Terms and condition apply.

FOOD FOR THOUGHT – FROM NISM BRAINS

- **Dr. Rachana Baid & Mr. Ajay Tyagi**: "The Role of Capital Markets for Raising Green and Transition Finance" featured in Observer Research Foundation on September 18, 2024.

  Climate change is a global commons problem requiring concerted actions by all. While recognising this, the United Nations Framework Convention on Climate Change has also acknowledged the principle of 'common but differentiated responsibilities and respective capabilities,' which assigns greater responsibilities to developed countries in mitigating greenhouse gas (GHG) emissions and reducing their carbon footprint. There have also been deliberations at successive meetings of the Conference of the Parties (COP) on developed countries providing financial and technical support to developing states. Despite commitments, however, developed countries have failed to transfer any significant amounts to the developing countries. Such delays have only worsened the situation, amid the increasing incidence and intensity of extreme weather conditions and natural calamities worldwide. Developing countries are more vulnerable to the massive consequences of these events and face an uphill task in arranging funding to finance their climate mitigation and adaptation requirements.

  Read more

- **Mr. Mohammed Reyhan*, Mr. Ganesh Prabhu* & Dr. V. Shunmugam:** "Economic spillovers of F&O frenzy" featured in Economics Times on September 05, 2024.

  This article explores how young investors, armed with easy credit and mobile trading apps, are diving into speculative F&O trades at record levels. While this democratizes investing, it also raises serious concerns. With household savings at an all-time low and banks feeling the heat from rising credit demand, is this speculative boom a ticking time bomb for India's financial stability?

  Read more

  **(Mr. Mohammed Reyhan & Mr. Ganesh Prabhu are NISM students of PGPISM course 2024-25)*